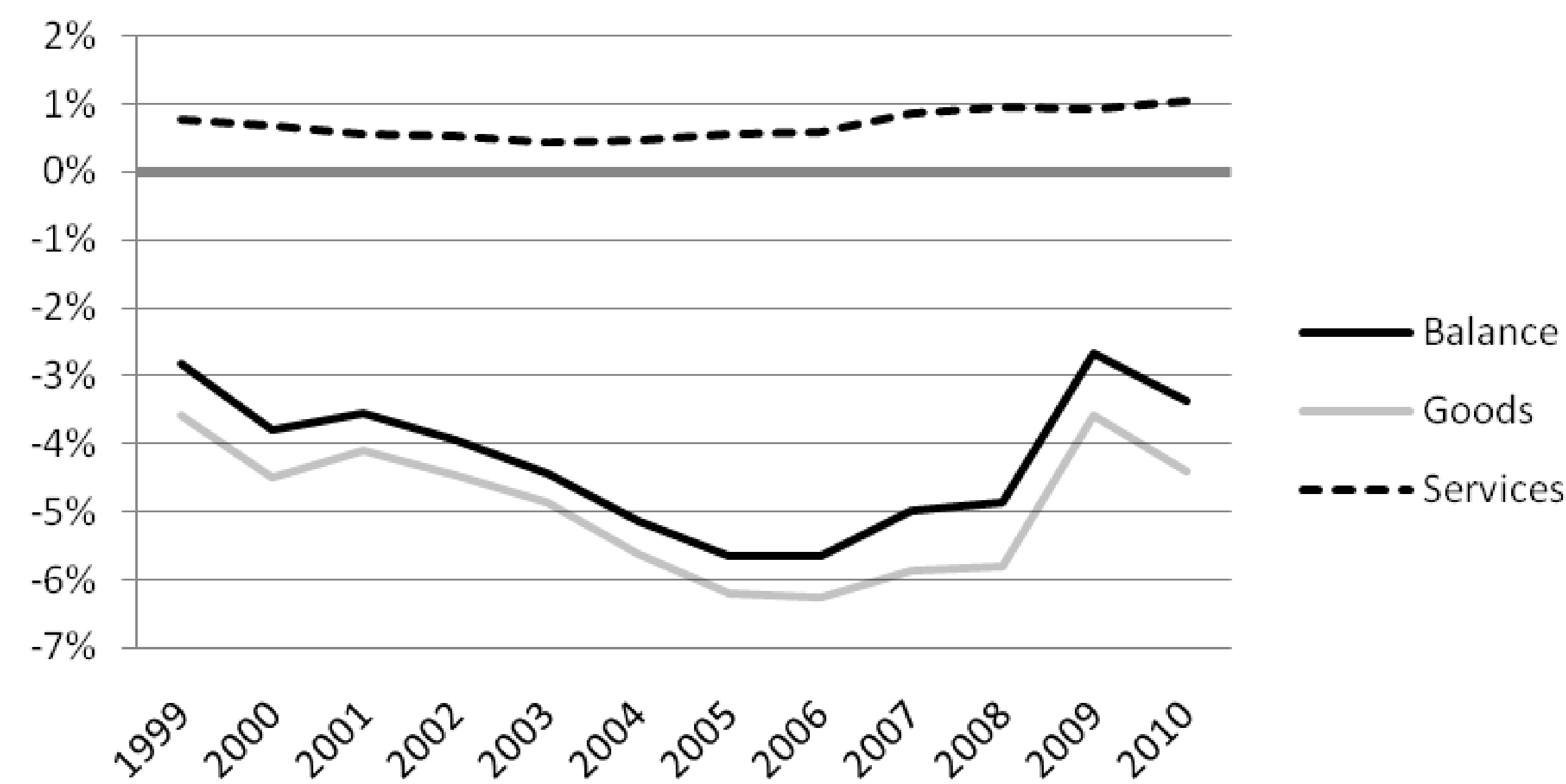


The Structure of Trade in the United States and China

By Jake Frischknecht

Advisor: Minqi Li

U.S. Trade Balance as a Share of GDP



Note that the balance curve is nearly identical to the goods curve, showing the small impact of services on the trade balance.
Source: Bureau of Economic Analysis

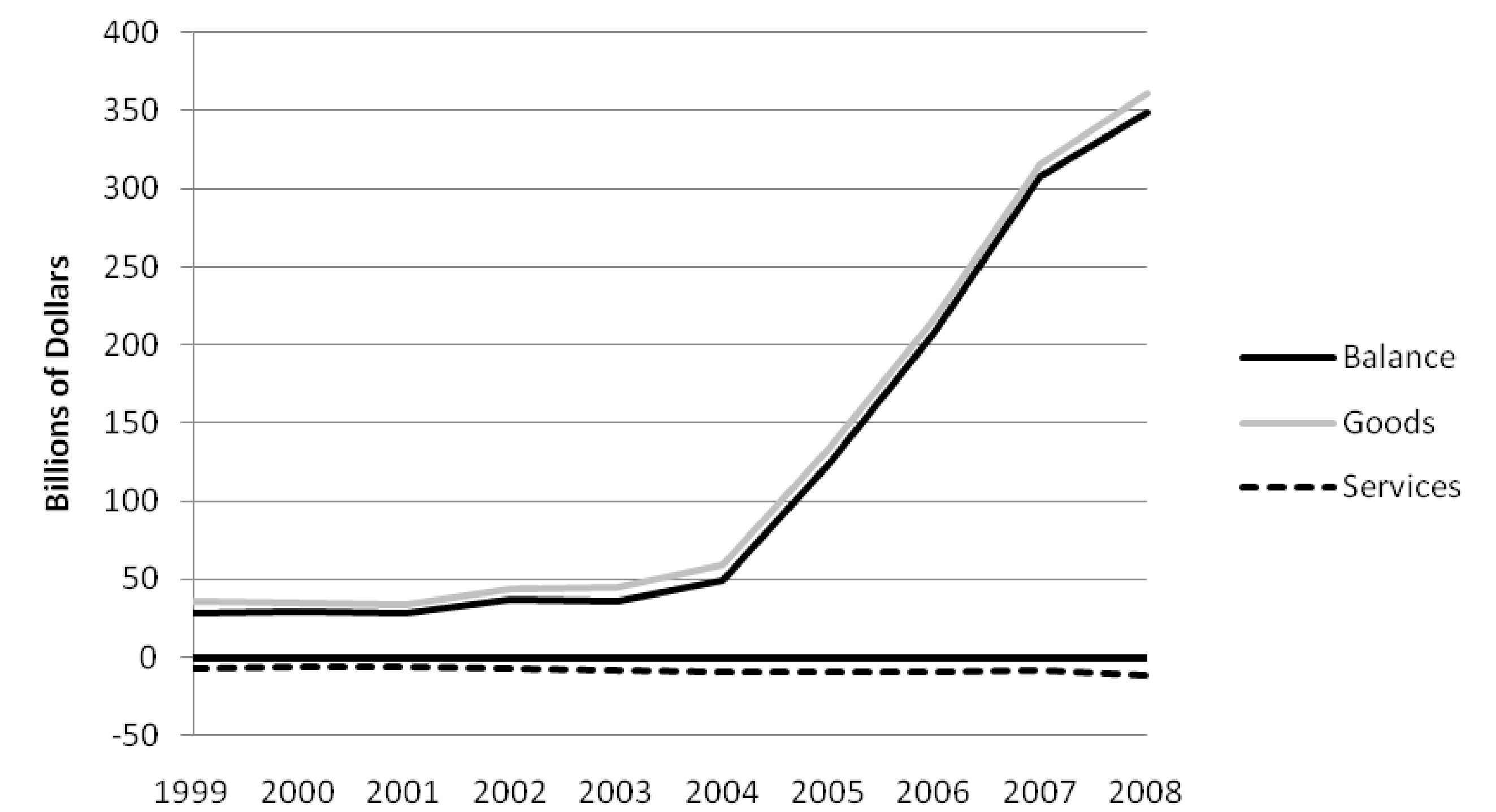
Background

This project is an attempt to understand the trade structure of the United States and China. The goal is to provide fundamental structural knowledge of the role of trade in these two economies. My investigation used trade data available from the U.S. Bureau of Economic Analysis and the U.S. Economic Report of the President as well as the China Statistical Yearbook from the National Bureau of Statistics of China and focused on available data from 1999 to the present. This poster shows some of the most important data that I found as well as my main conclusions. My more detailed research looked at exports and imports in both goods and services.

Researcher

I am an Honors B.A. candidate in Asian Studies with a focus on China; I will graduate the spring of 2011. I have studied the language, history, and economics of China at the University of Utah. My interest in US-China trade stems from my time in Washington D.C. working for the United States Trade Representative's Office of China Affairs. Following graduation, I am planning to attend law school at George Washington University in Washington D.C. or Columbia University in New York.

China Trade Balance in Goods and Services



Clearly, trade in goods (not services) determines the overall balance in China.

Source: China Statistical Yearbook

Key Conclusions

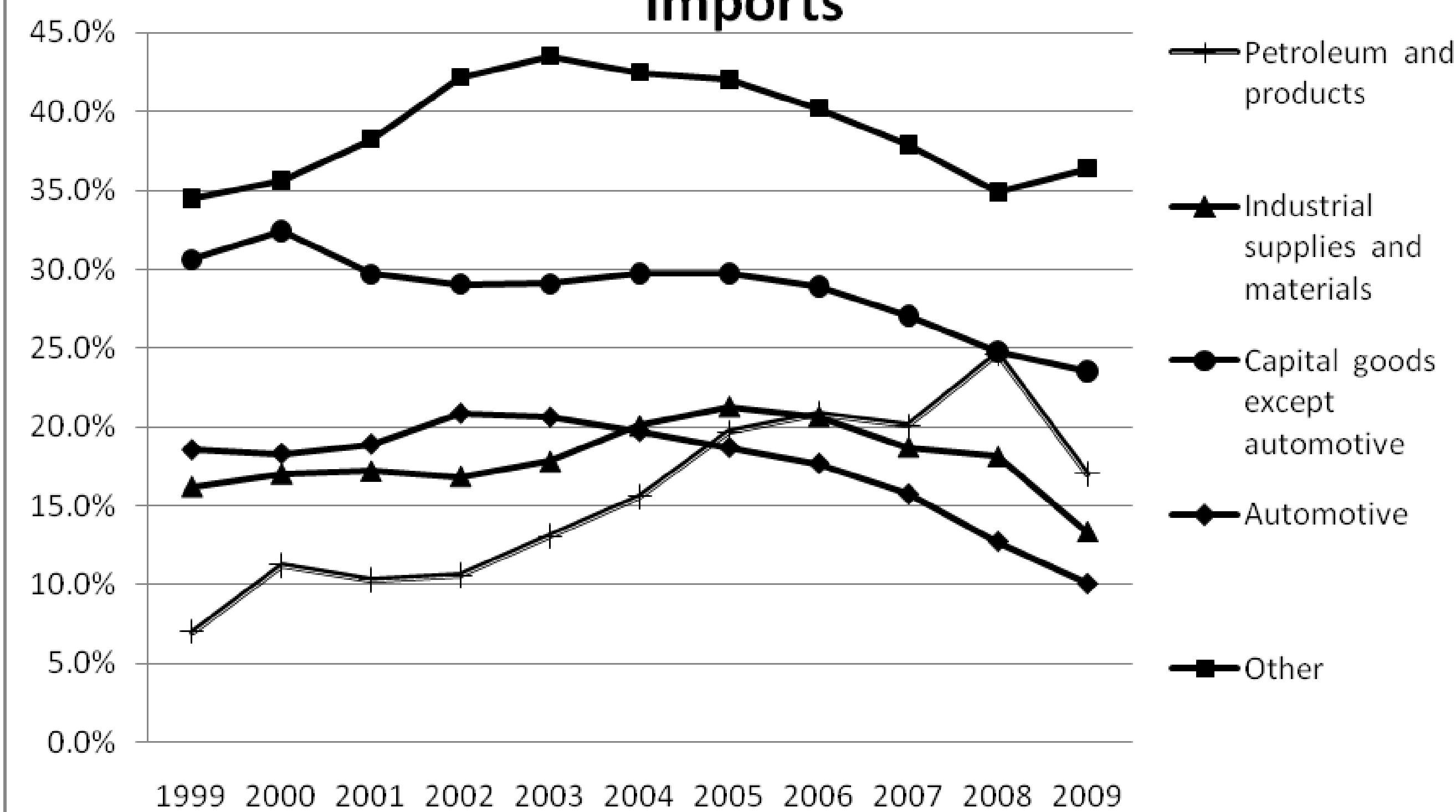
United States

- Trade in goods, not services, essentially determines trade balances for the United States and China.
- The United States rarely has a trade surplus in any category of goods.
- The U.S. is importing increasing amounts of petroleum, representing one of the greatest dangers to the U.S. economy.
- The U.S. trade deficit with Asia as a whole is becoming consolidated to China.

China

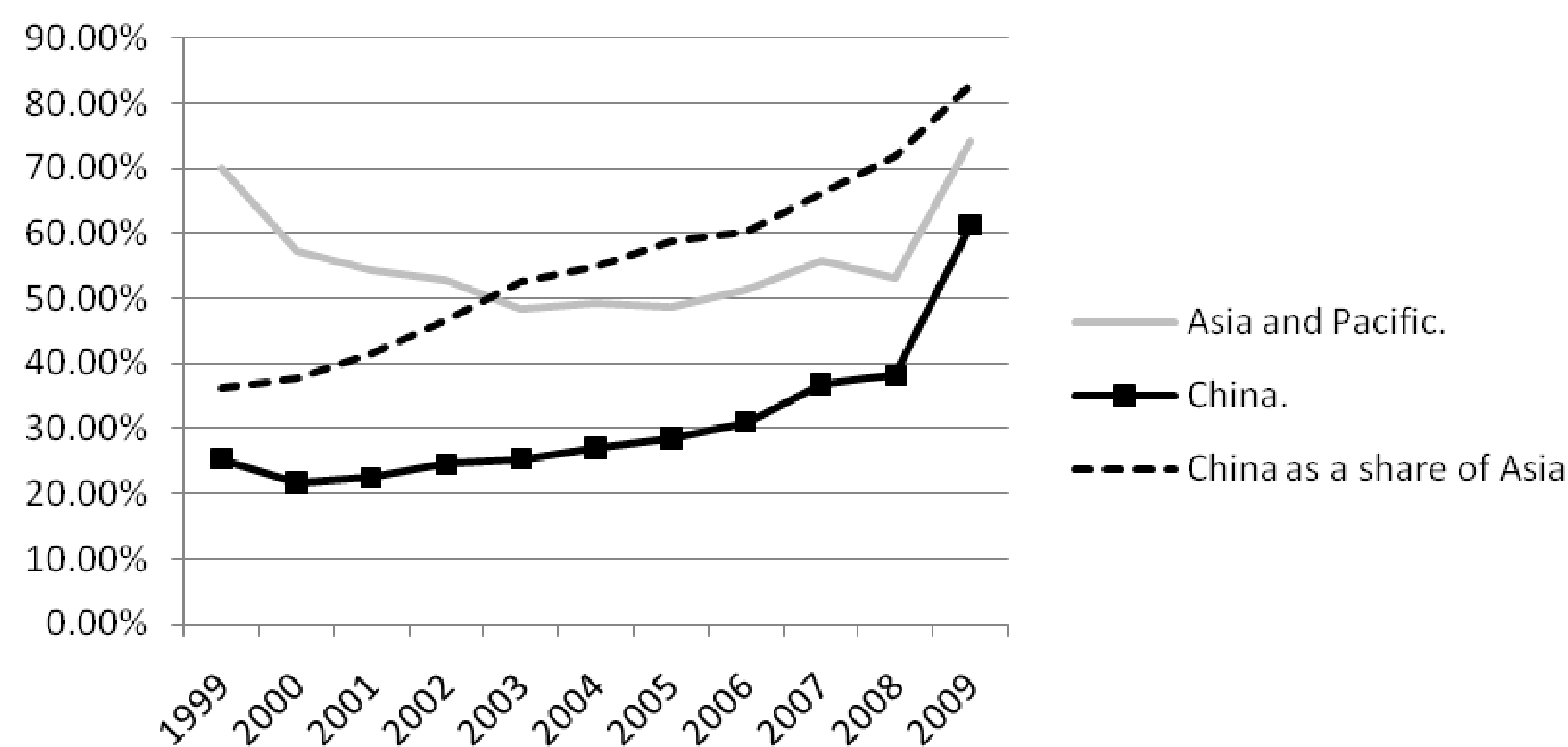
- While China has become one of the most important export destinations for U.S. produced goods and services, China's imports from the U.S. are a decreasingly small share of China's total imports.
- Hong Kong has a larger deficit with China than the U.S.
- China's trade balance is the sum of sharply divided surpluses and deficits, sometimes in excess of the balance as a whole.
- China has a trade deficit with more countries than a trade surplus.

U.S. Imported Goods in Terms of Total Imports



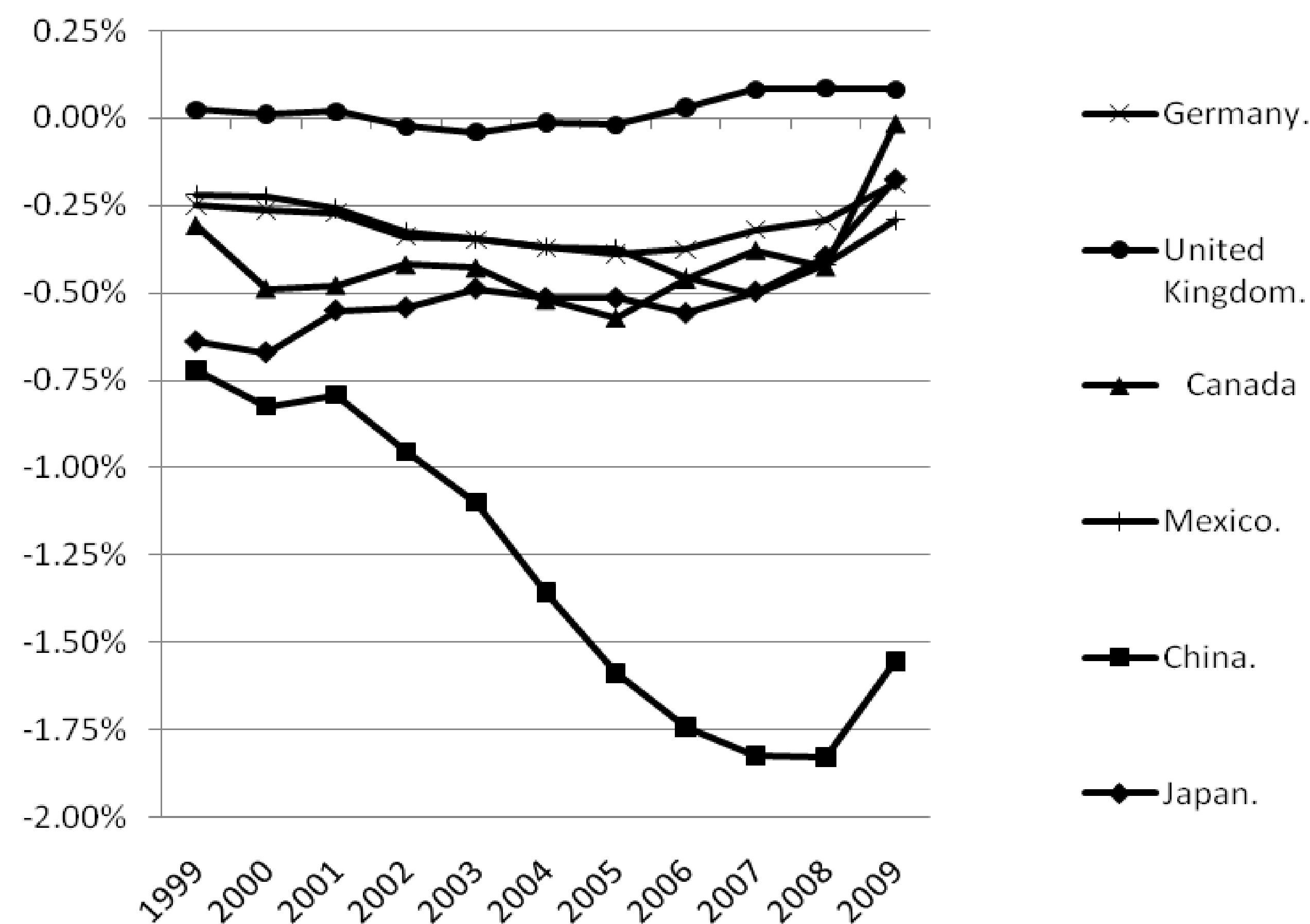
Note the increasing share of petroleum and products, raising from 7 percent to nearly 25 percent of all imports in 2008. In 2009, the sharp decline makes it appear that more "other" goods were imported. However, the dollar value of other goods declined, but its share increased as a result of the sharp petroleum decrease.
Source: 2011 Economic Report of the President

China's Share of the U.S. Deficit



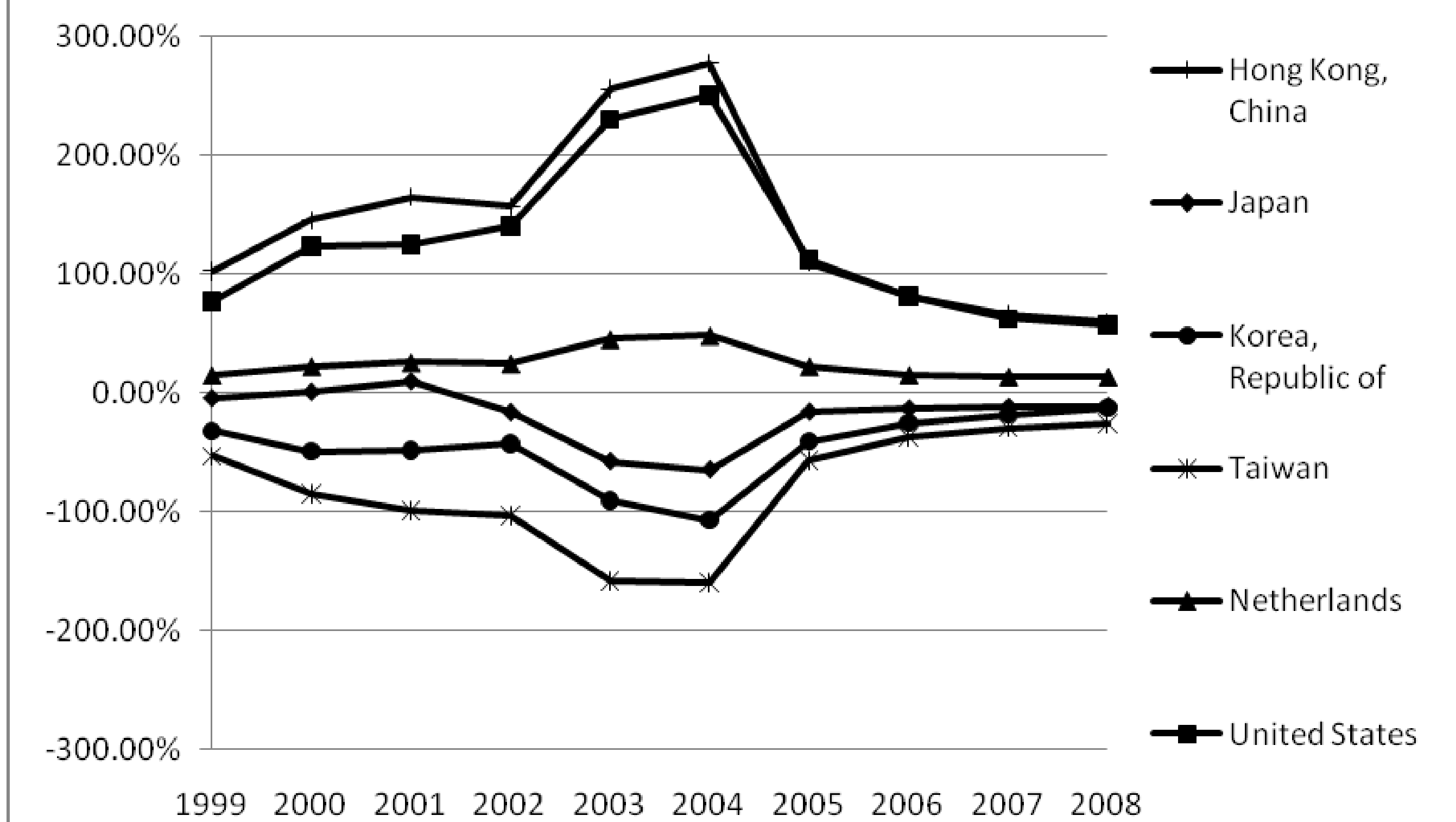
Note that Asia's share of the U.S. trade deficit declined for much of the given period, but that China as a share of Asia increased.
Source: Economic Report of the President and the Bureau of Economic Analysis.

U.S. Trade Deficit in Terms of GDP by Six Largest Trading Partners



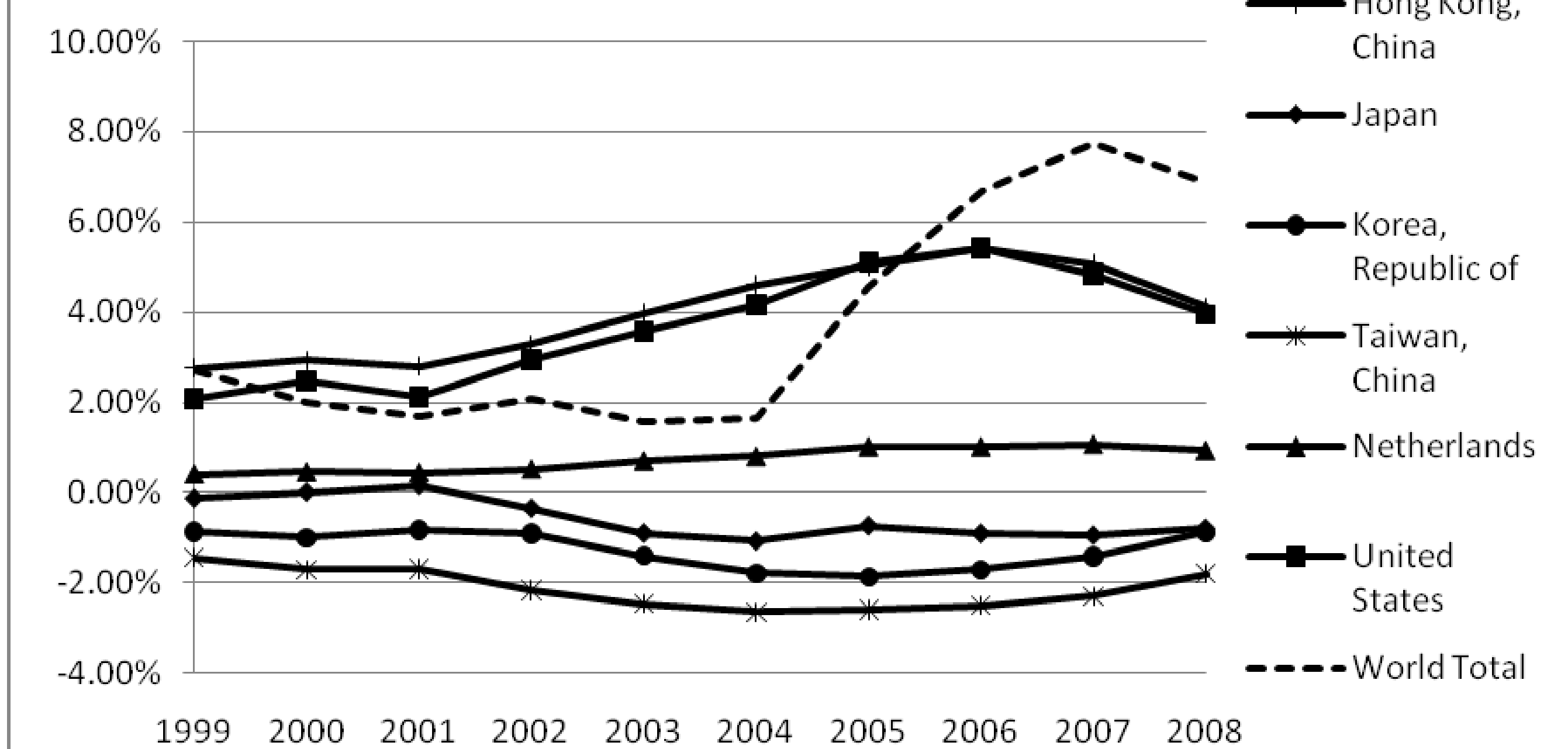
While trade with China has increased in both imports and exports, imports have grown much faster, resulting in the large deficit.
Source: Economic Report of the President and the Bureau of Economic Analysis.

Share of China's Trade Balance by Country



Note that the deficits are at times larger than the overall balance, and are offset by an even greater surplus, almost reaching three times the overall balance.
Source: China Statistical Yearbook

China's Trade Balance by Country in Terms of GDP



Notice that until 2005, the trade surplus with the U.S. and Hong Kong is greater than the balance with the world until 2006. Also note that China's deficit with some countries is larger than with the U.S. in terms of GDP.
Source: China Statistical Yearbook